

## Scope

This reference document covers the control and distribution of contingency funds. Contingency funds are program or project funds that have been set-aside, or reserved, to cover program or project uncertainties, or may be generated during project execution when activity costs are less than anticipated. GENERALLY, the greater the risk in a program or project, the greater the contingency funding. The process only covers the **project Response: Accepted.** part of contingencies. Program level contingencies will be covered in each Program-Specific Reference document.

## Distribution

Program Manager (PgM)

Project Delivery Team (PDT)

## Ownership

The BP/P2 Program Office is responsible for ensuring that this document is necessary and that it reflects actual practice.

### Reference:

**ER 37-345-10 Response: Rejected.**

**AR 415-15 Response: Accepted.**

**Reference all applicable policies (Ers, Ars, etc) governing contingency and S&A funds.**

**Need to address the use of contingency for design build reviews after construction contract award. Need to reference S&A rules where some activities must be charged to contingency, not S&A (such as GA shop drawing review, executing change order, etc.)**

## Roles and Responsibilities.

Program managers or their representative(s) are responsible for tracking contingency funds and approving their distribution within projects or programs. Program managers must certify that USACE-approved, customer contingency funding criteria have been met before authorizing use of such funds. **Ensure this is consistent with AR 415-14.**

The Program Manager (PgM) will:

- Control release of contingency funds.

- Delegate approval and certification of contingency funds to a designated representative.

The Program Manager may delegate approval and certification of contingency funds to a designated representative (usually the PM). However, the Program Manager:

- Must make such delegations by name.
- May designate no more than one representative per project.
- May change representatives at any time during the life of a project.

The Program Manager's appointment cannot be further delegated. A single individual may be delegated contingency fund authorization for multiple projects.

Contingencies may be stored in a separate work item if desired.

- Distribute the contingency funds.

Contingency funds shall not be distributed to a specific program or project or activity by anyone other than the responsible program manager or his/her designated representative.

Distribution can be made to a specific activity only after established program/project specific requirements have been met, certified and approved by the program manager or designated representative.

The Project Delivery Team (PDT) will:

Budget for studies, designs and construction will be developed by the PDT and include a contingency amount commensurate with the level of risk **and engineering during construction activities.** **Response: Sentence deleted in master document.**

The Project Manager (PM) will:

Return remaining contingency funds to the customer upon project completion

Once a project plan has been approved, the remaining contingency funding level is calculated as total available funding minus the current working estimate to complete that program or project.

Within P2, once a project plan has been approved, the current working estimate (CWE) for the project is defined as the sum of all actual resource/contract costs plus the sum of all estimated (remaining) resource/contract costs assigned to tasks and activities of the project plan.